TRANSMITTAL SLIP	DATE OCT 6 1960

TO: Mr. Kerner

ROOM NO.	BUILDING

REMARKS:

Mr. Morell left these for you to look over. He said you have already seen one of them.

Mabel

file: Shifting image of U.S.

FROM:

ROOM NO.	BUILDING	EXTENSION

FORM NO. 241 REPLACES FORM 36-8 WHICH MAY BE USED.

DRAFT
21 September 1960

III. D. Position of the US and its European Allies.

The survival of the Free World in the struggle with World Communism will depend to an important extent on the strength and cohesiveness of the NATO nations.

There can be no doubt that the nations of the Atlantic Alliance have the basic capabilities to meet the growing Communist challenge. Whether they will do so depends on a number of factors. Will there be the requisite internal political stability? Will the democratic nations of the Alliance allocate the needed proportion of their resources to national power goals—economic and military? Can the diverse nations of the Alliance cooperate closely enough so that their combined economic and military power can be brought to bear effectively against the Bloc?

Internal Stability.

The next decade should be one of relative internal stability in the Atlantic Community. No unmanageable threats to political systems as now constituted are expected. Economic trends will tend to promote political stability. Projected gains in wages, employment, and living standards will lessen the appeal for radical changes and generally promote an atmosphere conducive to evolutionary change.

This does not mean the absence of political or economic problems which for periods of time could cause serious instability in individual countries and temporarily weaken the contribution they could make to the Alliance.

Italy, for example, faces deep rooted economic and social problems whose solution will be obstructed by the multiplicity of political parties, the strength of the Communist Party, and the country's relatively limited experience with parliamentary tradition.

France, too, faces political uncertainties. Developments in the Algerian problem could cause serious political upheavals. The present constitutional system which has greatly increased governmental stability may not survive after DeGaulle's departure. France's strong Communist Party, as well as extreme right-wing elements, will remain a threat to stability.

In Greece and Turkey, political stability is generally more problematical than in Western Europe; however, it is unlikely that their ties to NATO will be significantly affected by internal problems.

The trend toward stability may also be threatened from time to time by various developments of a more general nature. If there are

prolonged periods of East-West detente, the Communist parties may take on more respectability and gain influence through popular front movements; while the non-Communist parties may feel under less compulsion to submerge party differences in an effort to meet the Communist challenge. Although not very likely, there may be periods of severe economic decline which would increase extremist pressures. There may also be political crises if governments, in pursuit of certain national objectives, attempt to divert significant national resources for such purposes as foreign aid and defense at the expense of higher standards of living.

Cohesiveness of the Western Alliance.

The general post-war trend toward closer European cooperation is likely to persist during the next ten years, particularly on economic matters. The Communist threat will remain a stimulus to this trend. A growing number of Europeans are likely to believe that the European nation state as presently constituted is too small economically, too weak militarily and too ineffective politically in a world overshadowed by the US and USSR. Moreover, for practical reasons, many business, labor and government leaders are in the forefront of the drive for some form of closer association. Continuing progress in transportation, communications and mass production in Europe will facilitate closer association. Closer political ties will lag behind progress toward economic and military collaboration, but every economic and military move which involves some relinquishment of national prerogatives will ease the way for closer political association.

Of crucial importance for the cohesiveness of Europe will be the course of Franco-German relations after DeGaulle and Adenauer.

economic factors

On the economic front, progress toward closer European association is already well under way. The Common Market has gotten off to a quicker start than anticipated. There is growing confidence in this arrangement, both because member nations are coming to believe that its success is in their self-interest and because the generally favorable outlook for European business favors its goals. The conflict between the Common Market and the European Free Trade Area is a potentially dangerous divisive element. However, a number of factors will probably be working in favor of closer collaboration between the two groups. As the Common Market progresses and the benefits to its members become more apparent, the British may very well judge that the advantages of membership outweigh the disadvantages. If the U.K. is drawn into some closer relationship with the six -- which seems likely in the long run - the rest of the Seven will probably follow. In the case of the neutrals, political considerations will dictate that such ties be extremely loose.

This projected overall trend toward greater European economic collaboration, however, could encounter road blocks and in any event

will make it more difficult for the U.S. to maintain its present degree of influence in the Atlantic Community.

The disequilibrium in Free World international financial transactions which has developed during the 1950s, if not corrected, could cause serious problems for the U.S. and its European Allies and could effect the cohesiveness of Western nations. A persistence of heavy U.S. balance of payments deficits — and heavy surpluses in Western Europe and Japan — could ultimately lead to drastic corrective measures, including such steps as restriction of U.S. imports or limitation of U.S. capital outflow. Such measures are not anticipated in the present situation — rather, the U.S. is attempting to expand U.S. exports and is urging the industrial nations of Western Europe to cooperate in reducing the imbalance by eliminating dollar discrimination, increasing aid to less developed areas, and assuming a greater share of the Free World defense burden. The payments imbalance could be exacerbated if the Europeans should halt present trends toward liberalization of dollar trade and move toward greater restriction of that trade as part of the development of Common Market, or in response to nationalistic pressures in a period of economic recession.

military factors

The extent of military collaboration among the members of the Atlantic Alliance will depend to a significant extent on US policy and actions. In the post-war period, Europe has relied for its military security almost entirely on the US strategic deterrent which has been made credible to Europe by the US nuclear strike superiority and by the presence of US forces in Europe under NATO. The growth of Soviet nuclear strike capabilities is changing this situation. Many Europeans are having increasing doubts as to whether the NATO ~~nations~~ forces, backed by U.S. nuclear capabilities, provide a credible deterrent. More specifically, there are doubts as to whether: (a) the U.S. would launch a nuclear attack on the USSR in defense of European interests; (b) it is possible to defend European interests without its suffering unacceptable nuclear destruction; and (c) NATO would be sufficiently effective against a variety of possible Soviet probes in Europe. We can expect the Soviets to create crises designed in large part to increase these doubts.

How Europeans will be influenced by these doubts will be affected not only by Soviet moves but to a far greater extent by U.S. policy and actions. While it is improbable, a defeatist attitude could develop leading toward Europe's adopting a neutralist posture which would undermine the effectiveness of the Alliance. More likely, European nations may press for a greater voice in NATO decision making including decisions involving the use of nuclear weapons. Moreover, France and possibly Germany will become increasingly insistent on developing their own nuclear deterrent. It is also possible that European nations may press for a military grouping less directly tied to U.S. military strength and leadership. The proponents of a "third force", however, will most likely be restrained by a general recognition that the survival of Europe is linked to U.S. nuclear missile capabilities.

In any event, the complex character of the Alliance will present serious and vexing problems for the U.S. There is no way of predicting the extent to which the U.S. will be able to reconcile conflicts within the Alliance and between its Allies and their former colonies; or how effectively the U.S. can discriminate between appeals for a firm stand from nations threatened with Soviet aggression and demands from others that we avoid adventuresome policies. These dilemmas impose significant limitations on U.S. freedom of action. The kind of dilemma which caused us to risk weakening the Atlantic Alliance by opposing Britain and France in the Suez Crisis and by opposing Belgium on major issues in the Congo may well occur again in the same or in different form.

Future Problems of the Atlantic Community.

It has been shown that basic trends during the next decade will probably favor political stability, economic growth and the cohesiveness of the Atlantic community. However, the future of the Alliance will in the last analysis depend to a great extent on whether it can collectively agree upon a supportable military strategy which will more adequately satisfy the Europeans and deter Soviet aggression.

Even if the Atlantic Alliance can reach agreement on a satisfactory military posture, its actual achievement will require courage, wisdom and an effective mobilization of Western resources. The Alliance will be continually faced with Bloc efforts to undermine its political, economic and military strength through such actions as:

(a) Aggressive probes designed to test U.S. willingness to protect European interests;

(b) Periodic intensification and relaxation of tension designed to throw the Alliance off balance, i.e., alternately scaring the people of Europe into a mood of accommodation and lulling them into a false sense of security thus causing them to lower their guard;

(c) Moves designed to exacerbate potential differences among members of the Alliance;

(d) Disruptive activity by the Communist parties in Europe;

(e) Strong propaganda efforts designed to convince the Free World that the growing power of the Bloc demonstrates the inevitable superiority of Communism.

Against the background of Bloc pressure, the task of the Alliance will be complicated by the following:

(a) As Western Europe grows in strength, becomes less dependent on the U.S. and obtains a greater decision-making role in the Alliance, the influence and freedom of action of

the U.S. in the Alliance will diminish. Without strong and effective leadership, it may be difficult to develop the necessary unity of thought and action which is necessary if the Alliance is to act in time of crisis with speed and decisiveness;

(b) In the face of ambiguous Communist threats it will often be difficult, particularly in Western Europe, to achieve the allocation of resources and expenditures required to meet the Communist challenge;

(c) Traditional concepts of national armed forces will be difficult to overcome and further progress toward a truly integrated military force will be slow, thus delaying the substantial savings and other advantages such integration would bring;

(d) National differences and disputes are bound to arise among members of the Alliance, and between them and their existing and former colonies. These differences will have a weakening effect on the Alliance and will confront the U.S. with serious problems.

As mentioned before, the nations of the Atlantic Alliance have the basic resources to meet the Bloc challenge. Much will depend upon what the U.S. does - as the leader of the Alliance - toward achieving an improved strategic posture. A great deal will also depend on the success of the U.S. in removing European doubts that U.S. will be effectively employed in the protection of Europe's vital interests. If the U.S. achieves success in these endeavors, prospects will be enhanced for the achievement of other essential goals--continued strengthening and effective use of economic, scientific and military capabilities; avoidance of disputes and discriminatory actions within the Alliance; eliciting of greater contributions from Western Europe for the Alliance itself as well as for assisting the underdeveloped nations to remain free and develop their potential in peace.

D R A F T
4 October 1960

IV. World Image of the Balance of Power

Trends in the relative power position depend not only upon comparative capabilities but upon the estimation of these capabilities by other nations. The power of the U.S. to influence the behavior of other countries depends then to a significant extent on what other nations think our power is in relation to the USSR or what they think it is likely to be in the near future.

The impact of future developments on the foreign image of the world's balance of power can in part be judged from experience of recent years. Reports of foreign views comparing the relative strengths of the U.S. and the USSR are fragmentary and uneven in reliability; moreover, attitudes on many aspects of these comparisons are unformulated and unstable. Nevertheless, broad significant tendencies can be identified with some confidance.

In recent years many important people, including large segments of the political elite outside the U.S., have formed the impression that the world balance of power will eventually shift to the Communist Bloc—and in the not too distant future.

We noted in preceding discussionsthat, while the USSR is narrowing the gap, the U.S. is currently superior to the USSR in both science and technology; however, it is not generally realized abroad that the U.S. maintains this superiority. Prior to Sputnik I, the U.S. was accepted as pre-eminent in these fields. Sputnik I drastically revised this assessment—even in the remote areas of the world—by sharply upgrading Soviet capabilities. This

image was reinforced by subsequent Soviet successes, by incidents judged to be U.S. failures, by Communist propaganda, and by public self-criticism in the West. In time, the U.S. space effort has moderated this image, and the public has become somewhat more sophisticated in its evaluation. Foreign opinion, however, retains a distorted view of comparative U.S.-Soviet strength in science.

Recent opinion surveys in Western Europe on the question of who is ahead in "scientific development" have revealed a general impression that the advantage lies with the USSR, although the strength of this impression varied from country to country. On the question of who is ahead in space developments popular opinion overwhelmingly favored the Soviet Union.

The implication in these trends in foreign opinion go far beyond science and technology. Soviet national power has often been equated with their gains in science and technology. They have also given credibility to Soviet challenges in other fields and have furthered Soviet programs abroad. Specifically, the leaders of many underdeveloped countries view science and technology as the key to progress particularly with respect to economic development.

There is probably less distortion in comparisons of economic capabilities than we have found with respect to science and technology. However, numerous political and industrial leaders of the Free World have visited the Soviet Union — usually on carefully conducted tours — and have been impressed with the level of industrial achievement. Most foreign observers recognize that the Bloc's economies are growing more rapidly than the Free World, and relatively less weight is usually given to the impressive Western lead in total

output. Our superiority in agriculture, peaceful uses of atomic energy, medicine, and industrial production is generally recognized, though there are growing doubts of our ability to maintain our lead in industrial output.

There will continue to be widespread and intensive Soviet campaigns to convince the world that the USSR is overtaking the U.S. in total production and technological capacity. Soviet diplomacy, the economic offensive, international visits, exchanges and contacts, as well as regular propaganda media, will be used to press this theme.

There is considerable evidence that foreign observers in recent years have recognized the decline in Soviet military power relative to that of the US USSR. A USIA evaluation made in December 1959 states, for example, that "the West European picture on U.S. versus Soviet military might yields a picture of a virtual standoff, on the average, with the U.S. at best only slightly in the van. When it is appreciated that the countries surveyed...are almost without exception our Allies, it must be presumed that a more representative picture would be even less favorable". This evidence is amplified by a USIA survey conducted in May, 1960, in the United Kingdom and France which revealed that 55% of those polled in Great Britain and 40% in France believed that Russia is superior to the U.S. in total military strength. Only 12% in the U.K. and 25% in France believed the U.S. was ahead of the USSR.

The Kremlin leadership is assiduously seeking to create an image of tremendous Soviet military, scientific and economic strength as a symbol of its national power. Unless the U.S. is successful in projecting a more favorable image of its power position relative to that of the USSR, foreign

opinion will probably continue to exaggerate many elements of Communist strength even though there is a general tendency over the long run for images to reflect broad trends of reality. Regardless of the success of U.S. efforts in counteracting Communist distortions, the fact that the USSR will probably reduce the margin of U.S. superiority in a significant number of fields over the next ten years will contribute to a general belief that trends in the world balance of power favor the USSR. In less developed areas of the world where symbols assume relatively greater importance and where the Communist propaganda drive will almost certainly be intensified, this trend of opinion will be particularly hard to correct.

Another major factor in shaping future opinion of the balance of power will be the tone and posture assumed by the U.S. and the USSR in situations which involve critical tests of strength and resolve for both nations (e.g., Berlin). The impressions created in such crises will dramatize for many people around the world the comparative strength of the two adversaries.

Finally, it must be recognized that many elements of world opinion have the general "impression of Soviet ruthlessness and fixity of purpose, combined with the impression that the Soviet people have greater faith in their principles and are willing to work harder than the people of the U.S. This view has not served to raise USSR in general esteem over the U.S.,...but presumably contributed to raising popular estimates of overall Soviet capabilities."

Trends of foreign opinion regarding the world balance of power will have a number of important intangible effects on the influence of the two major powers - particularly their influence with the less developed countries. More

specifically, if world opinion concludes that the U.S. is losing its position of superiority to the USSR, this will tend to reinforce the tendency toward neutralism or toward closer relations with the Bloc among a number of nations currently aligned with or generally sympathetic to the West. This tendency could be reflected in such issues as base rights and the position which these nations take on specific issues in the UN.

D R A F T
4 October 1960

~~V.~~ VI. Comparative Position in the United Nations

The ability of the U.S. to achieve its objectives in the UN is likely to become more difficult over the decade. This is not to say that the USSR will achieve gains in influence comparable to U.S. losses. The next ten years will be a critical period for the UN and will pose real challenges to both the Western Allies and the Bloc in their efforts to use the UN to further their respective objectives. Whereas in 1959 nations of the Western Hemisphere, non-Communist Europe and the Pre-World War II Commonwealth made up half of the UN membership, by 1965 it is reasonable to project that these same nations will only constitute 40% of the members, with African and Asian nations constituting 50%. Moreover, as the decade progresses, it will become less certain that the nations of the Western Hemisphere will be as prone as in the past to line up in support of the U.S.

One effect of these trends will be to increase the number of nations in the United Nations which will be disposed to act independently of the West and the Bloc and which will increasingly attempt to use the United Nations to support their own objectives and security. The attitude of most of these nations toward many East/West issues is increasingly apt to be conditioned by a desire to exert UN influence toward a relaxation of tensions between the great powers. They will exert what pressure they can to achieve disarmament, a nuclear test ban, cessation of nuclear weapons production, etc. They will tend to avoid taking sides in East/West issues which they do not consider

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directly affect their own interests. The Afro-Asian nations, along with some Latin American states, will continue to be extremely sensitive on questions of "colonialism", including conflicts with "colonial" overtones. However, over the decade the charge of Soviet "imperialism" may become of increased concern among the less developed nations.

In addition, the less developed nations are likely to use the UN increasingly as a forum for consideration of economic issues of direct interest to them and as means for pressing the industrial nations to provide more assistance to the newly developing countries.

In general, it will be increasingly difficult during the sixties for the U.S. to muster a two-thirds vote in the General Assembly for positions we favor. In particular, this may result in the composition of the Security Council becoming less favorable to the U.S., especially if it should be enlarged, because of the difficulty of getting the necessary two-thirds vote for candidates we prefer. This does not mean, however, that the Bloc will be able to obtain two-thirds votes for its proposals or candidates. Rather, the large group of uncommitted nations will increasingly support independent candidates or issues irrespective of the wishes of the U.S. and the USSR. Similarly, on issues where only a simple majority is necessary, such as the convening of special sessions, appointments to General Assembly committees, selection of officers for the General Assembly, etc., the U.S. will have less ability to achieve its objectives.

On "colonial" issues, the Bloc will be able to make effective use of the United Nations. The U.S. and its Allies will have greater difficulty than in

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the past in mustering one-third of the Assembly votes in opposition to motions unfavorable to the interests of our European Allies. Moreover, the United Nations provides the Bloc with an excellent sounding board for anti-colonial propaganda and thus will assist the Bloc in its efforts to demonstrate to the uncommitted nations that their interests are identical. On the other hand, the West can use the UN as an important forum to reveal the imperialistic character of Communist action abroad.

How the Bloc and the West will fare as a result of United Nations treatment of the larger issues of peace, disarmament, etc., is more difficult to predict. On the one hand, the Bloc will be able to make unscrupulous use of the United Nations as a forum to demonstrate its peaceful intentions. For instance, by making sweeping disarmament proposals, however unrealistic, and by suggesting the inclusion of "neutrals" in disarmament negotiations, the Bloc will probably have some success in convincing the uncommitted nations of the sincerity of its desire for peace. On the other hand, as time passes and with pressure for the United Nations to become more directly interested and involved in such issues, it may also be increasingly difficult for the Bloc to avoid being blamed for blocking practical steps toward disarmament.

The uncommitted nations will be jealous of their independence and on occasions will look toward the UN to protect it. On such issues as local Communist aggression and interference in the affairs of other nations, the ability of the West to rally non-Communist support will probably not suffer from the changed composition of the Assembly. However, the extent to which

Communist aggression may be thwarted by positive UN action in the future is uncertain. It does appear likely that U.S. proposals for blocking instances of blatant Soviet aggression will continue to receive overwhelming UN support.

The United Nations will be only one forum or arena in which the West and the Bloc will contend in their efforts to influence the uncommitted nations of the world. The influence of the two major powers in the United Nations will in great measure merely reflect their political influence in the world at large. This in turn will depend, in part, upon how successfully the Bloc and the West identify their specific objectives with the interests of the uncommitted nations; and upon the assessment by these nations of the relative power position of the U.S. and the USSR.